
NAICS CODES, TOURISM ACCOUNTABILITY AND FUNDING

A REPORT TO THE
EXECUTIVE APPROPRIATIONS COMMITTEE

OFFICE OF THE LEGISLATIVE FISCAL ANALYST
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JULY 25, 2007

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OVERVIEW

Tourism promotion receives currently receives \$6 million a year in earmarked revenues. Funding is projected to increase by \$3 million a year until FY 2015. When fully phased in the Tourism Marketing Performance could receive as much as \$30 million annually. Utah's total tourism budget ranks 13th in the nation for FY 2006 up from 42nd in FY 2005. Based on a comparison of the surrounding states Utah's tourism budget ranks 3rd for FY 2007 up from an 8th place rank in FY 2005.

ORIGINAL LEGISLATION The original Tourism Marketing Performance Fund was established in the 1997 General Session in HB 88 – “Tourism Marketing Performance Fund”. The premise was that \$200,000 would be allocated to the fund providing that the economic growth of the tourism and travel industry exceeded the previous year sales tax growth by 4 percent. The specific categories considered in the original legislation were:

1. retail/eating and drinking
2. services/hotels and lodging
3. services/automotive rental
4. services/amusement and recreation and
5. transportation

Seventy five percent of the original allocation was to be used for marketing and 25 percent was earmarked for infrastructure.

REVISED LEGISLATION The current iteration the Tourism Marketing Performance Account was established in the 2005 1st Special Session through the passage of SB 1002 – “Funding for Tourism”. Funding for the program was provided by setting aside a percentage of the increase in tourism-generated tax revenue for the purpose of tourism promotion.

The legislation established a General Fund restricted account known as the Tourism Marketing Performance Account. The criteria for the account include:

- The account is administered by the Governor's Office of Economic Development
- The account earns interest
- The director of the Office of Tourism may use account monies appropriated to the office to pay for the statewide advertising, marketing, and branding campaign for promotion of the state as conducted by the office
- The director shall allocate 10% of the monies appropriated to the office, to a sports organization for advertising, branding, and promoting Utah in attracting sporting events to the state
- The sports organization must annually account the use of the monies to the director and the board

- 20% of the account goes to a Cooperative Program for use by cities, counties, and nonprofit destination marketing organizations for advertising and to promote to out-of-state visitors

FUNDING

Originally SB 1002 appropriated from the General Fund one-time: \$10 million for FY 2005-06 and \$4 million for FY 2007. The Legislature also provided for the possibility of an additional \$4 million from surplus funds in FY 2007. The performance-based funding mechanism began in FY 2007, with the cumulative performance based funds being appropriated providing there was growth in the specified North American Industrial Classification System Codes (NAICS). SB 1002 expanded the categories on which performance and funding is evaluated to include:

- Miscellaneous Store Retailers
- Passenger Air Transportation
- Scenic and Sightseeing Transportation
- Performing Arts, Spectator Sports and Related Industries
- Museums, Historical Sites and Similar Institutions
- Amusement and Recreation Industries
- Accommodations
- Food Services and Drinking Places
- Jewelry, Luggage, and Leather Goods Stores
- Taxi and Limousine Service
- Charter Bus
- Travel Arrangement and Reservation Services
- Pharmacies and Drug Stores
- Sporting Goods Stores
- Hobby Toy and Game Stores
- Book Stores and News Dealers
- Convenience Stores without Gas Pumps
- Gasoline Stations with Convenience Stores
- Other Gasoline Stations
- Passenger Car Rental
- Recreational Goods Rental

Policy makers assumed that total revenue from these specified NAICS codes would grow by 3 percent a year without promotion. The Tourism Marketing Performance Account receives half of the revenue above 3 percent, up to

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\$3,000,000. If growth fails to exceed the 3 percent, the account will receive the same appropriation as it did in the previous year. The history of the growth is shown in the Table 1.

NAICS	FY 2004	FY 2005	Growth 04/05	FY 2006	Growth 05/06
Gas Service station	199,054,510	239,791,168	20.5%	210,521,031	-12.2%
Convenience stores	504,702,138	473,372,199	-6.2%	552,186,773	16.6%
Retail Misc.-drug & proprietary stores	85,939,300	96,923,003	12.8%	108,783,799	12.2%
Retail Misc.-Jewelry stores	95,473,788	96,665,226	1.2%	110,158,395	14.0%
Retail Misc.-Luggage & leather	11,106,908	10,278,828	-7.5%	9,490,046	-7.7%
Retail Misc.-Sporting & Bicycle stores	326,954,450	356,636,581	9.1%	468,351,139	31.3%
Retail Misc.-Hobby, Toy & Game stores	135,729,349	120,081,462	-11.5%	120,181,413	0.1%
Retail Misc.-Book stores	127,752,153	136,380,897	6.8%	137,048,501	0.5%
Retail-Misc.-Florists	42,220,102	40,779,078	-3.4%	43,238,228	6.0%
Retail-Misc.-Stationary stores	142,967,664	151,865,119	6.2%	174,512,318	14.9%
Retail-Misc.-Gift,novelty&souvenir	117,959,305	120,180,816	1.9%	128,290,387	6.7%
Retail-Misc.-Used merchandise stores	36,624,884	45,960,740	25.5%	55,549,793	20.9%
Retail-Building&garden-mobile home dealers	18,047,465	20,037,152	11.0%	24,887,104	24.2%
Retail-Miscellaneous-Misc. retail stores	605,450,394	677,234,316	11.9%	841,719,336	24.3%
Air transportation	19,751,940	38,885,832	96.9%	52,138,061	34.1%
Local & interurban transportation	7,584,265	7,658,681	1.0%	10,388,067	35.6%
Automotive rentals	416,223,630	466,167,571	12.0%	531,570,104	14.0%
Miscellaneous transportation	13,063,157	18,697,336	43.1%	21,710,034	16.1%
Producers, Orchestras,Entertainers	10,154,492	6,656,710	-34.4%	6,650,814	-0.1%
Commercial Sports	57,212,594	61,342,470	7.2%	66,518,555	8.4%
Museums,Botanical & Zoos	11,953,046	12,971,732	8.5%	14,092,979	8.6%
Ski resorts	187,658,405	185,621,149	-1.1%	259,468,203	39.8%
Misc. Amusements	255,805,214	256,988,534	0.5%	297,199,268	15.6%
Hotel and lodging	620,356,305	718,077,356	15.8%	742,098,547	3.3%
Eating and drinking	2,153,410,922	2,347,285,130	9.0%	2,601,064,857	10.8%
Total	6,203,156,380	6,706,539,086	8.1%	7,587,817,752	13.1%
1/2 Growth over 3 Percent			\$8,147,099		\$18,274,422

Table 1

The NAICS codes used in the statute are the same as those used in the Travel Industry of America's travel economic impact model. Earmarked funding is set aside from 2006 to 2015 resulting in a potential ongoing diversion of \$30,000,000 in sales tax revenue by 2015.

In addition to the sales tax diversion, the Office of Tourism receives General Fund appropriations which decline over time. During the 2007 General Session \$5,000,000 was appropriated from the General Fund in addition to a \$6,000,000 appropriation from earmarked sales tax revenue. For FY 2009 the General Fund request will be \$7 million and the earmarked sales tax could be \$9 million for a total potential appropriation of \$16 million. By FY 2015, tourism would receive no direct General Fund appropriation but would receive \$30 million from earmarked revenues.

ALTERNATIVE GROWTH SCENARIOS

The Analyst posited three alternative scenarios to see what appropriations would have occurred under different proposals.

SCENARIO 1:

The analyst used the old categories found in HB 88 to determine what growth would have been under the old system. The results are detailed in Table 2. It is apparent that growth would still have exceeded the 3 percent target and that one-half the growth over three percent would have been more than \$3 million.

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Thus even using the old categories, tourism would have received \$3 million in earmarked revenue.

Revenue Growth Under Old Categories (HB 88)					
	FY 2004	FY 2005	Growth 04/05	FY 2006	Growth 05/06
Hotel and lodging	620,356,305	718,077,356	15.8%	742,098,547	3.3%
Eating and drinking	2,153,410,922	2,347,285,130	9.0%	2,601,064,857	10.8%
Ski resorts	187,658,405	185,621,149	-1.1%	259,468,203	39.8%
Misc. Amusements	255,805,214	256,988,534	0.5%	297,199,268	15.6%
Automotive rentals	416,223,630	466,167,571	12.0%	531,570,104	14.0%
Air transportation	19,751,940	38,885,832	96.9%	52,138,061	34.1%
Local & interurban transportation	7,584,265	7,658,681	1.0%	10,388,067	35.6%
Total	3,660,790,681	4,020,684,253	9.8%	4,493,927,107	11.8%
Growth over 3 Percent			6.8%		8.8%
Growth over 3 Percent (Dollars)		13,046,079		18,721,018	
1/2 Growth over 3 Percent		6,523,040		9,360,509	

Table 2

SCENARIO 2

The Analyst also looked at Transient Room Tax Revenues over a corresponding period to determine the growth rates if only lodging is considered. The results show that using the Transient Room Tax base to measure the amounts transferred to the Tourism Marketing Performance Account would be significantly less than current allocations. Under scenario 2 the collections include only the lodging component of tourism. As a result the earmarked revenues would have been \$55,000 for FY 2005 and \$666,000 for FY 2007. This is demonstrated in Table 3.

Growth in the County Transient Room Tax					
<u>County</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Growth 04/05</u>	<u>FY 2006</u>	<u>Growth 05/06</u>
Beaver County	89,234	95,535	7.1%	103,346	8.2%
Box Elder County	82,804	80,068	-3.3%	82,709	3.3%
Cache County	236,150	256,838	8.8%	266,196	3.6%
Carbon County	132,163	156,520	18.4%	173,405	10.8%
Daggett County	55,027	49,661	-9.8%	76,611	54.3%
Davis County	487,143	355,984	-26.9%	7,924	-97.8%
Duchesne County	30,345	30,133	-0.7%	1,466	-95.1%
Emery County	144,619	117,868	-18.5%	3,610	-96.9%
Garfield County	462,932	500,675	8.2%	560,618	12.0%
Grand County	-	909		3,490	283.9%
Iron County	445,533	510,312	14.5%	517,765	1.5%
Juab County	56,051	64,876	15.7%	62,241	-4.1%
Kane County	270,540	317,170	17.2%	358,539	13.0%
Millard County	81,263	82,379	1.4%	89,438	8.6%
Morgan County	1,286	1,463	13.8%	1,510	3.2%
Piute County	7,654	16,638	117.4%	6,585	-60.4%
Rich County	56,577	56,976	0.7%	34,672	-39.1%
Salt Lake County	7,493,756	7,815,193	4.3%	9,078,234	16.2%
San Juan County	217,916	228,802	5.0%	263,556	15.2%
Sanpete County	40,397	36,199	-10.4%	39,863	10.1%
Sevier County	201,093	206,588	2.7%	220,945	6.9%
Summit County	3,270,086	4,021,013	23.0%	4,518,478	12.4%
Tooele County	117,190	134,804	15.0%	144,631	7.3%
Uintah County	167,940	207,206	23.4%	281,360	35.8%
Utah County	934,563	225,842	-75.8%	10,734	-95.2%
Wasatch County	209,326	231,117	10.4%	271,906	17.6%
Washington County	1,410,194	1,539,509	9.2%	1,840,377	19.5%
Wayne County	90,480	96,435	6.6%	104,019	7.9%
Weber County	525,898	508,846	-3.2%	574,084	12.8%
Total	17,318,160	17,945,559	3.6%	19,698,312	9.8%
1/2 Growth over 3%		55,881	0.6%	666,498	6.8%
The Transient Room Tax is applied to the rental charge for any suite, room or rooms in a motel, motor court, inn, campground, or similar public accomodation for fewer than 30 consecutive days.					

Table 3

SCENARIO 3

One additional scenario considered by the Analyst was adjusting the current revenue for inflation and then accounting for the amounts over 3 percent growth. Under this scenario there would have been no transfer for FY 2007. However, the full allocation would have been transferred in FY 2008. Table 4 shows the results for scenario 3.

Growth in Tourism Related NAICS Categories Adjusted for Inflation				
NAICS	Growth 04/05	Growth 05/06	Growth 04/05 Adjusted	Growth 05/06 Adjusted
Gas Service station	20.5%	-12.2%	14.6%	-13.8%
Convenience stores	-6.2%	16.6%	-10.8%	14.6%
Retail Misc.-drug & proprietary stores	12.8%	12.2%	7.3%	10.2%
Retail Misc.-Jewelry stores	1.2%	14.0%	-3.7%	11.9%
Retail Misc.-Luggage & leather	-7.5%	-7.7%	-12.0%	-9.3%
Retail Misc.-Sporting & Bicycle stores	9.1%	31.3%	3.7%	29.0%
Retail Misc.-Hobby, Toy & Game stores	-11.5%	0.1%	-15.9%	-1.7%
Retail Misc.-Book stores	6.8%	0.5%	1.5%	-1.3%
Retail-Misc.-Florists	-3.4%	6.0%	-8.1%	4.1%
Retail-Misc.-Stationary stores	6.2%	14.9%	1.0%	12.9%
Retail-Misc.-Gift,novelty&souvenir	1.9%	6.7%	-3.1%	4.9%
Retail-Misc.-Used merchandise stores	25.5%	20.9%	19.3%	18.7%
Retail-Building&garden-mobile home dealers	11.0%	24.2%	5.6%	22.0%
Retail-Miscellaneous-Misc. retail stores	11.9%	24.3%	6.4%	22.1%
Air transportation	96.9%	34.1%	87.2%	31.7%
Local & interurban transportation	1.0%	35.6%	-4.0%	33.2%
Automotive rentals	12.0%	14.0%	6.5%	12.0%
Miscellaneous transportation	43.1%	16.1%	36.1%	14.1%
Producers, Orchestras,Entertainers	-34.4%	-0.1%	-37.7%	-1.9%
Commercial Sports	7.2%	8.4%	2.0%	6.5%
Museums,Botanical & Zoos	8.5%	8.6%	3.2%	6.7%
Ski resorts	-1.1%	39.8%	-5.9%	37.3%
Misc. Amusements	0.5%	15.6%	-4.5%	13.6%
Hotel and lodging	15.8%	3.3%	10.1%	1.5%
Eating and drinking	9.0%	10.8%	3.7%	8.8%
Total	8.1%	13.1%	2.8%	11.1%
1/2 Growth over 3 Percent	8,147,099	18,274,422	No Growth	14,655,611
*Adjustment is based upon CPI-U West, 1982-1984=100, All Items; 2005, 2006 are relative to 2004				

Table 4

FUNDING DISTRIBUTIONS

Funding for the Tourism Marketing Performance Account is distributed to three areas: Marketing Coop, Advertising, and the Sports Commission. The allocation for each of these areas is discussed in the following sections.

MARKETING CO-OP FUNDING

The Tourism Marketing Performance Account legislation requires that 20 percent of the total funding be utilized for a Cooperative Marketing Program. The co-op program is intended to leverage funding to attract out of state visitors. In FY 2006 48 projects from 23 counties received funding. In FY 2007 51 projects from 22 counties received funding. The FY 2006 and FY 2007 county allocations are shown in Table 5.

Marketing Coop Funding				
	FY 2006		FY 2007	
	Amount Requested	Amount Allocated	Amount Requested	Amount Allocated
Beaver				
Box Elder	10,547.67	8,897.34	14,892.50	14,892.50
Cache	129,669.66	108,489.32	78,817.50	67,942.50
Carbon	8,963.00	4,482.00	28,369.50	28,369.50
Daggett	33,230.00	16,060.00	5,367.33	5,367.33
Davis	26,910.00	13,013.00	33,775.00	33,775.00
Duchesne			5,367.34	5,367.34
Emery	25,000.00	23,000.00	2,816.50	2,816.50
Garfield	162,778.00	84,084.00	5,000.00	5,000.00
Grand	125,007.00	125,007.00	280,179.00	86,816.50
Iron	206,122.00	70,061.00	99,325.00	99,325.00
Juab			3,750.00	3,750.00
Kane	30,000.00	15,000.00		
Millard				
Morgan				
Piute	20,000.00	20,000.00		
Rich	16,547.67	8,897.34	8,817.50	8,817.50
Salt Lake	1,662,884.87	962,316.87	564,760.00	374,500.00
San Juan	106,000.00	-	8,125.00	8,125.00
Sanpete	54,400.00	25,000.00	20,900.00	20,900.00
Sevier	25,000.00	18,750.00	10,000.00	10,000.00
Summit	335,233.00	188,239.00	714,667.00	464,667.00
Tooele				
Uintah	40,150.00	15,150.00	5,367.33	5,367.33
Utah	312,345.00	48,850.00	205,194.00	91,375.00
Wasatch	52,000.00	52,000.00	77,000.00	72,000.00
Washington	166,100.00	54,250.00	218,500.00	147,500.00
Wayne	10,705.00	8,029.00	11,360.26	11,360.26
Weber	119,265.00	25,074.00	306,285.00	293,785.00
Totals	3,678,857.87	1,894,649.87	2,708,635.76	1,861,819.26

Table 5

Funding provided under the marketing coop program is matched by the entities applying for the grants. To date the Office of Tourism has matched approximately \$4 million in marketing funds to promote out of state tourism. In addition to the county allocations an additional \$174,000 co-op funding has been used as match for the Madden pre-print media insert. This funding is used to increase the number of inserts. The next round of applicants will be announced in August there are currently 48 applicants.

ADVERTISING FUNDING Advertising accounts for approximately 70 percent of the expenditures from the Tourism Marketing Performance Account. Advertising allocations can be viewed in a couple of ways. First, the funding is allocated to national, international, and western states advertising focuses. Second, the funding is split between winter advertising, non-winter advertising, and special interest projects. The percentage allocation to each of these areas is detailed in Charts 1 and 2.

Advertising Allocation Percentages by Region

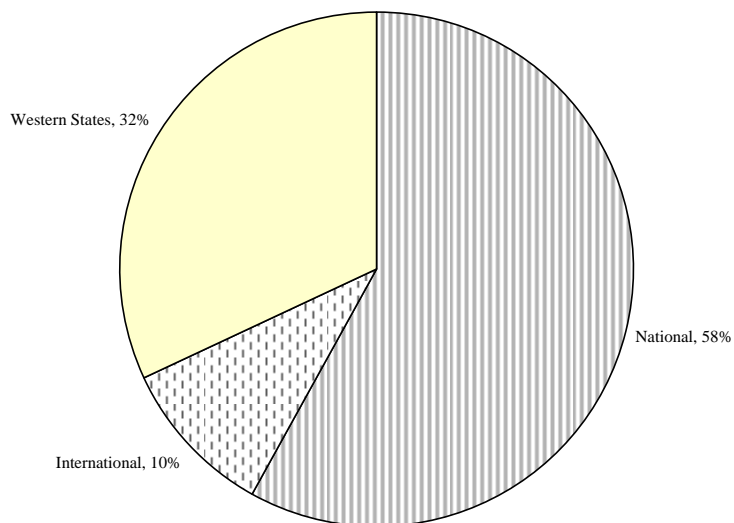


Chart 1

Advertising Allocations by Category

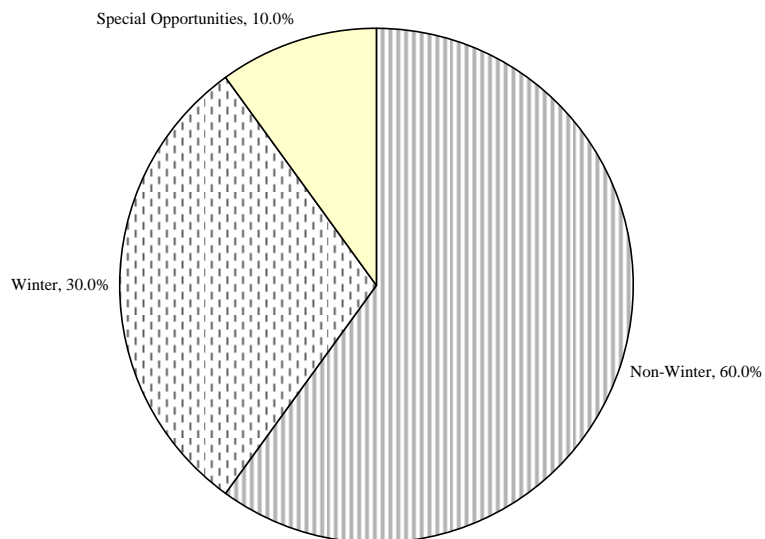


Chart 2

SPORT COMMISSION FUNDING

When initially passed the Tourism Marketing Performance Account allocated 7.5 percent of the total funding up to \$750,000 to the Utah Sports Commission. The transfer occurred in FY 2006 and FY 2007. However, the statute was changed in the 2007 General Session to allow for a transfer of 10 percent of the funding with no cap in place. The change in funding will begin in FY 2008 leading to a transfer of \$1,100,000 to the Sports Commission.

The Sports Commission uses funding to promote sporting events in Utah. Uses of funding are reported to the Sports Commission Board which then makes the results available to the Legislature.

STATE COMPARISONS OF TOURISM BUDGETS

State Tourism budgets are generally utilized to increase a states market share of tourism. Utah has made a concerted effort over the past two years to increase market share. For comparison the budget data from the surrounding region is provided for 2005 and 2006 in Table 6. In the surrounding region Utah moved from 8th place in 2005 to 2nd placer in 2006. Comparing Utah to all states in overall budget figures Utah moved from a 42nd in 2005 to 13th in 2006 as detailed in Table 7. The funding increase for tourism has been dedicated to tourism marketing. As a per capita measure funding for tourism has increased from \$1.57 per person to \$6.41 per person from 2005 to 2006. Table 8 shows state ranking based on marketing allocations for the 2006 actual data and the 2007 forecast.

The funding of state tourism budgets varies widely. Based on a survey conducted by the Travel Industry Association of America 32 states fund tourism offices entirely with public funds, 25 states receive more than one-half of their funding from state appropriations, and one state is funded entirely from the private sector.

Revenue sources used by states to fund tourism offices include, lodging taxes, sales taxes, auto rental taxes, admissions, and lottery taxes. Some state tourism offices are subsidized heavily by industry contributions. Overall there is no predominant approach to funding state tourism budgets.

Travel Industry Association of America 2004-2005 and 2005-2006 Surveys of U.S. State & Territory Tourism Office Budgets			
	2005		2007
1 Arizona	15,900,000	1 Arizona	20,669,758
2 New Mexico	14,700,000	2 Colorado	22,173,832
3 Nevada	11,300,000	3 Utah	16,481,700
4 Montana	8,300,000	4 Nevada	15,040,008
5 Colorado	7,900,000	5 New Mexico	13,937,300
6 Wyoming	6,800,000	6 Wyoming	10,744,264
7 Idaho	6,000,000	7 Montana	9,525,413
8 Utah	3,800,000	8 Idaho	6,864,438

Table 6

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Travel Industry Association of America 2005-2006 Survey of U.S. State & Territory Tourism Office Budgets			Travel Industry Association of America 2004-2005 Survey of U.S. State & Territory Tourism Office Budgets		
	FY 2005-2006 Total Budget	FY 2005-2006 Total Budget per Capita		FY 2004-2005 Total Budget	FY 2004-2005 Total Budget per Capita
1 Hawaii	69,200,000	54.35	1 Hawaii	69,000,000	54.79
2 Illinois	47,816,637	3.75	2 Illinois	47,800,000	3.76
3 Pennsylvania	31,832,000	2.57	3 Pennsylvania	33,000,000	2.67
4 Florida	30,761,456	1.73	4 Texas	30,500,000	1.35
5 Texas	28,373,924	1.24	5 Florida	28,500,000	1.64
6 West Virginia	24,432,108	13.47	6 West Virginia	23,100,000	12.76
7 Arizona	18,361,935	3.08	7 Louisiana	18,300,000	4.07
8 Louisiana	18,042,206	4.00	8 Missouri	17,800,000	3.09
9 South Carolina	16,977,286	4.00	9 South Carolina	16,100,000	3.84
10 Tennessee	16,694,600	2.80	10 Arizona	15,900,000	2.77
11 Virginia	16,580,905	2.19	11 New Mexico	14,700,000	7.73
12 California	16,064,502	0.44	12 New Jersey	14,600,000	1.68
13 Utah	15,972,700	6.41	13 Virginia	13,500,000	1.81
14 Michigan	15,769,189	1.56	14 Arkansas	13,300,000	4.84
15 Kentucky	15,723,300	3.77	15 Wisconsin	12,800,000	2.33
16 Wisconsin	14,456,600	2.62	16 Tennessee	12,100,000	2.06
17 Arkansas	14,278,840	5.14	17 Maryland	11,900,000	2.14
18 Nevada	13,637,154	5.65	18 Nevada	11,300,000	4.84
19 New Mexico	13,247,100	6.88	19 North Carolina	11,300,000	1.32
20 Missouri	13,231,882	2.28	20 Alabama	9,400,000	2.08
21 North Carolina	13,000,000	1.50	21 Oregon	9,300,000	2.59
22 New Jersey	12,760,000	1.47	22 Mississippi	9,200,000	3.18
23 Georgia	11,096,169	1.22	23 Oklahoma	9,200,000	2.61
24 Maryland	11,094,953	1.98	24 Georgia	9,100,000	1.02
25 Alaska	10,732,825	16.18	25 Alaska	8,800,000	13.40
26 Colorado	10,198,856	2.19	26 Minnesota	8,600,000	1.69
27 Alabama	9,855,647	2.17	27 Montana	8,300,000	8.96
28 Oklahoma	9,720,055	2.74	28 California	8,100,000	0.23
29 Minnesota	9,522,933	1.86	29 South Dakota	8,000,000	10.39
30 Mississippi	8,816,617	3.03	30 Colorado	7,900,000	1.72
31 South Dakota	8,802,408	11.36	31 Michigan	7,900,000	0.78
32 Massachusetts	8,353,282	1.30	32 Maine	7,500,000	5.71
33 Oregon	8,297,378	2.28	33 Kentucky	7,400,000	1.79
34 Montana	8,296,035	8.88	34 Massachusetts	7,000,000	1.09
35 Maine	7,554,190	5.73	35 Ohio	7,000,000	0.61
36 Wyoming	7,432,367	14.61	36 Wyoming	6,800,000	13.45
37 Ohio	6,812,845	0.59	37 Idaho	6,000,000	4.30
38 Idaho	6,389,724	4.47	38 Connecticut	5,800,000	1.66
39 Indiana	6,160,032	0.98	39 New Hampshire	5,300,000	4.08
40 Connecticut	5,563,935	1.59	40 Vermont	5,200,000	8.38
41 New Hampshire	5,548,159	4.25	41 Kansas	4,500,000	1.64
42 Vermont	5,126,656	8.24	42 Utah	3,800,000	1.57
43 Kansas	4,815,654	1.75	43 North Dakota	3,600,000	5.66
44 Nebraska	4,613,136	2.62	44 Washington	3,500,000	0.56
45 North Dakota	3,788,939	5.97	45 Iowa	3,400,000	1.15
46 Washington	3,588,958	0.57	46 Nebraska	2,900,000	1.66
47 Iowa	3,442,767	1.16	47 Rhode Island	1,600,000	1.48
48 Delaware	2,116,000	2.51	48 Delaware	No Data	
49 Rhode Island	1,678,632	1.56	49 Indiana	No Data	
50 New York	No Data		50 New York	No Data	
Total	666,633,476		Total	600,600,000	
Average	13,604,765	4.95	Average	12,778,723	4.74

Table 7

EXECUTIVE APPROPRIATIONS COMMITTEE 2007 INTERIM

State	2006 Marketing Budget	State	2007 Projected Marketing Budget
1 Florida	17,622,168	1 California	21,035,719
2 Hawaii	14,735,015	2 Florida	16,916,164
3 Texas	14,502,267	3 Hawaii	15,693,998
4 Michigan	12,819,745	4 Texas	15,158,319
5 Utah	12,071,700	5 Colorado	14,688,485
6 New Jersey	11,491,619	6 Missouri	12,967,511
7 Illinois	10,633,460	7 Utah	12,540,700
8 Missouri	10,326,587	8 Arizona	11,364,031
9 Arizona	10,013,310	9 Michigan	10,742,625
10 Pennsylvania	9,889,801	10 Illinois	10,524,486
11 New York	9,525,000	11 Pennsylvania	9,407,000
12 California	8,338,101	12 New York	9,125,000
13 Arkansas	7,950,093	13 New Jersey	8,695,482
14 Tennessee	7,832,970	14 South Carolina	8,686,452
15 Virginia	7,281,700	15 Arkansas	8,659,871
16 South Carolina	7,124,675	16 Louisiana	8,026,433
17 North Carolina	6,780,000	17 Tennessee	7,534,000
18 Alaska	6,732,233	18 Alaska	7,286,354
19 Louisiana	6,106,481	19 North Carolina	7,178,000
20 Georgia	6,068,828	20 Virginia	6,711,081
21 Wisconsin	6,051,433	21 Wyoming	6,675,594
22 South Dakota	5,925,000	22 Wisconsin	6,467,728
23 Nevada	5,519,195	23 South Dakota	6,339,000
24 Colorado	5,216,407	24 Nevada	6,045,644
25 Wyoming	4,807,976	25 Georgia	5,907,629
26 Oklahoma	4,288,359	26 Maryland	4,894,152
27 Maryland	4,279,444	27 Minnesota	4,810,400
28 Massachusetts	3,818,641	28 Oklahoma	4,588,415
29 Maine	3,799,584	29 Massachusetts	4,489,641
30 Oregon	3,645,000	30 Montana	3,942,981
31 Ohio	3,644,000	31 Maine	3,860,684
32 Minnesota	3,594,526	32 Oregon	3,765,000
33 Montana	3,542,449	33 New Hampshire	3,614,550
34 West Virginia	3,409,046	34 West Virginia	3,508,346
35 New Hampshire	3,270,759	35 Ohio	3,440,000
36 Alabama	2,742,334	36 Alabama	3,075,000
37 North Dakota	2,637,919	37 New Mexico	2,924,580
38 Mississippi	2,584,075	38 Connecticut	2,548,000
39 Vermont	2,486,834	39 Vermont	2,493,616
40 Idaho	2,014,560	40 Mississippi	2,384,363
41 Connecticut	1,941,495	41 Idaho	2,143,500
42 New Mexico	1,884,871	42 North Dakota	1,637,423
43 Kentucky	1,688,560	43 Washington	1,400,518
44 Nebraska	1,314,190	44 Kentucky	1,353,000
45 Kansas	1,184,538	45 Iowa	1,221,822
46 Iowa	1,154,803	46 Nebraska	1,220,000
47 Washington	1,144,923	47 Indiana	1,156,063
48 Indiana	1,115,847	48 Kansas	1,093,949
49 Rhode Island	843,168	49 Delaware	821,000
50 Delaware	441,000	50 Rhode Island	725,000
Total	287,836,689	Total	321,489,309
Average	5,756,734	Average	6,429,786

Source: Travel Industry Association

Table 8

TOURISM MARKETING ACCOUNTABILITY

Tourism marketing experts agree that 18-24 months of history is necessary to properly measure the effect of advertising placement in the market. Funding from the Tourism Marketing Performance Account has been available to the Utah Office of Tourism since July 1, 2005. Tourism marketing and promotion efforts have been continuously conducted since that time. The 2006 figures show that industry performance is up as shown in Table 9.

Current performance measurements being used by the Office of Tourism include:

- Per household tax relief
- Tourism market share
- Skier market share
- Total spending by tourists
- Total travel and recreation related employment
- Transient room tax revenues
- Tourism, Recreation, Cultural, Convention tax revenues
- Lodging Occupancy
- Skier Visits
- Visitation

Performance Measures		
	2005	2006
Per Household Tax Relief	\$454.00	\$494.00
Skier Market Share	6.8%	6.9%
Total Spending by Tourists (\$ Millions)	\$5,452.00	\$5,873.00
Total travel and recreation related employment	119,900	125,800
Transient Room Tax Revenue (\$Millions)	\$18.10	\$20.20
TRCC Tax Revenue (\$ Millions)	\$36.30	\$45.40
Lodging Occupancy	65.0%	68.2%
Skier Visits (Millions)	3.9	4.0
Visitation		
Total Visitation (Millions)	19.1	19.3
National Park Visitation (Millions)	5.3	5.1
State Park Visitation (Millions)	4.3	4.3

Table 9

The Office of Tourism has contracted with an independent firm to conduct a qualitative study to assess the effectiveness of the advertising campaigns on the tourism market. The first phase of the study indicated that although the campaign made people more aware of the state, it did not motivate them to visit. The second phase was conducted at the end of the 2007 ski season and measured the travel generated by the advertising campaign. Phase two

measures proposed visitation and compares it to the phase one advertising recall levels. The total economic impact measured in the phase two study is based on the number of people visiting the state and how much they spend while here. The report attempts to measure the incremental travel resulting from the advertising campaign. The return on investment is then computed by measuring the total impact of the campaign and dividing it by program expenditures. Based on the April 2007 report, the winter advertising campaign generated \$14.66 in tax revenue per dollar spent and the summer advertising campaign generated \$5.47 per dollar spent. The initial results are based on projected travel. The numbers will be reassessed in the future based on actual travel.

The Office of Tourism has been involved in the Governor's Balanced Scorecard initiative. The measures identified as part of this process are detailed below. Many of the measures previously mentioned have been incorporated into the balanced scorecard. The results of these measures will be reported in the 2008 General Session

Objective	Measure	Reporting Frequency
Increase tourist generated tax revenue	Total Travel Spending	Annual
	TRT Tax	Semi-Annual
Increase National and State Park Visitors	National Park Visits	Quarterly
	State Park Visits	Quarterly
Increase "Out of State" skier days	Skier Days	Annual
Increase amount of visitor information requests	Website visits	Monthly
	Phone calls	Monthly
	Travel Guide Mail Fulfillment	Monthly
Increase awareness of Utah as a destination	SMARI survey (Winter)	Semi-Annual
	SMARI survey (Summer)	Semi-Annual
	Media Articles Generated	Semi-Annual
	Media Article Value	Semi-Annual
	Fam Tours Conducted	Semi-Annual
	Individuals Hosted on Fam Tours	Semi-Annual

CONCLUSIONS

- Continuous monitoring and promotion of the most lucrative tourism markets is advised.
- Analysis of the current trends in the specified NAICS codes indicates that the tourism sectors identified should continue to exceed goals resulting in continued increases in overall appropriations from earmarked revenue.
- The Office of Tourism should continue to update the economic indicators used to create outcome measures which demonstrate the success and the contribution of tourism to the economy.